

MINUTES OF MEETING
REUNION EAST COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Reunion East Community Development District was held Thursday, July 8, 2010 at 2:00 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

David Hood
Marty Pawlikowski
Rocky Owen

Vice Chairman
Assistant Secretary
Assistant Secretary

Also present were:

George Flint
Jan Carpenter
Steve Boyd
Jason Showe
Alan Scheerer
Chirag Kabrawala

District Manager
District Counsel
District Engineer by telephone
Assistant District Manager
Operations Manager
Latham Shuker Eden & Beaudine

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the June 10, 2010 Meeting

Mr. Flint stated the next item is approval of the minutes of the June 10, 2010 meeting. Those minutes were provided to you in your agenda packet. I have been provided one scrivener's error from Mr. Pawlikowski that will be incorporated into the final minutes. Are there any other comments on the minutes?

There not being any,

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the minutes of the June 10, 2010 meeting were approved as amended.
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THIRD ORDER OF BUSINESS**Consideration of Travel Reimbursement Policy**

Mr. Flint stated the next item is consideration of the travel reimbursement policy. This was on last month's agenda and we carried that over to this meeting. District Counsel has made a minor change to that policy.

Ms. Carpenter stated at the request of a Board member and as is the case in many districts the state has certain statutory guidelines for the recovery of expenses for officers and employees of the Board. The Board has a policy that incorporates just about the statutory requirements. The reason we didn't present it last month was the question came if a Board member doesn't reside within the District so there is a way in the statute that you can designate where a Board member's official headquarters would be. The first paragraph 1.1 you will see the Board members if they don't reside within the District their official headquarters would be their principal place of residence for travel reimbursement since they don't come to an office which is where many state employees would have their office designated. This is something that many if not most CDDs have a policy adopted so if folks if they travel on business can have their expenses reimbursed in accordance with a specified policy. This is for the Board's consideration if they want to adopt a policy or if they have any other issues.

Mr. Flint stated as Jan indicated this is very common for districts to have this policy. It doesn't apply to contract employees or contracts it only applies to Board members or direct employees of the District. It is not something that as District Manager I would be submitting a request for reimbursement against this policy, it doesn't apply to Jan or to myself or to the District Engineer.

On MOTION by Mr. Hood seconded by Mr. Pawlikowski with all in favor the travel reimbursement policy was approved.

FOURTH ORDER OF BUSINESS**Discussion of Default Expenditure Account**

Mr. Flint stated this item deals with the default expenditure account that was part of the amendment to the indenture. The Board approved an indenture amendment and one of the exhibits to the indenture amendment was a default expenditure account.

Ms. Carpenter stated we are working with the bond Trustee's Counsel to get that amendment to the indenture adopted and we need to provide them with a default expenditure

account. Some of the reason we don't have that to present today is we are still waiting word on whether we are proceeding on the foreclosure of the Ginn properties and how that is going because that is what that default expenditure account would be for. At this point we have been approved to order title work and we do have the title work ready for that so we are prepared to go forward when and if we need to.

Trustee's Counsel is not on the call today but he called me just before the meeting and on behalf of the bondholders they have retained an outside specialist in this type of development to help them analyze the discussions they are having with the Ginn folks on whether it is appropriate on restructuring the bonds and how to make that work. They wanted to have a real estate development expert on Board to analyze it all before they made any decisions. They asked us to pass on to the Ginn people that that was the case it was not that the offer was not acceptable it was that they didn't feel totally able to review it and decide what they needed to work out and negotiate on it. They have just retained a company to do that and they hope to begin discussions as quickly as they can and asked us to make sure that we kept the title work and everything ready to go forward to continue to work and get a budget ready so if we need to go forward we can be ready to foreclose. That is where we stand on that.

Mr. Hood asked you said you have the title work ready to be ordered or is it already done?

Ms. Carpenter responded it has been ordered. They agreed to that cost so we have preliminary title, we haven't spent a lot of time analyzing but we have it ready to go forward if we need to.

Mr. Owen asked did anything come up in the title work that was a surprise?

Ms. Carpenter responded we haven't been approved to spend any legal fees, we have it we looked at it briefly but looking at it briefly the lender we thought would be on there and nothing jumped out and looked like it was going to be a problem but we have not spent a lot of time looking at it. I don't see any issues.

FIFTH ORDER OF BUSINESS

Appointment of Audit Committee and Chairman

Mr. Flint stated the next item is appointment of audit committee and Chairman. Every three years the district bids out the services of the independent auditor. We are required to do an independent audit annually. Three years ago the Board went through that process and selected

Grau & Associates to perform the audits. The audit of Fiscal Year 2009 was the third of three years so at the end of this fiscal year the audit for Fiscal Year 2010 will be the first year of the next three years that will be subject to this. The statutes provide the process that is used to select the auditor and that includes the appointment of an audit committee and the designation of a Chairman. The only purpose of the audit committee is to review the form of the proposal, the selection criteria and then to evaluate the responses once they come in and make a recommendation to the Board. Historically and for administrative simplicity we often recommend the Board appoint themselves as the audit committee although you are not precluded from appointing non Board members to the committee if you chose to do that. The way we have it set up for today is if the Board does appoint themselves as the audit committee we have advertised the audit committee meeting to take place immediately after the Board meeting and in the audit committee meeting you will approve the form of the RFP, the selection criteria and the notice that would be placed in the newspaper. Once that is approved we will advertise the notice, those bids would come back and they will be opened through a public bid process and provided to the audit committee. The audit committee would review and rank those and that information would be provided to the Board.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the Board was appointed as the audit committee and Mr. Gray was designated as Chairman.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Carpenter stated I have my annual update on the sunshine law which some of you may have received in other districts. Just a brief overview as you all know under the sunshine law two or more Board members may not meet and talk about any item which could foreseeably come before the Board in the future and we attached as a reminder a somewhat recent case in Pasco County where a CDD had asked for an informal letter about emails. It is really a reminder to be cautious if any emails come send them to George and be cautious when he sends emails not to reply to all so if you are giving commentary on something that comes before the Board that it doesn't go to other Board members inadvertently which could be construed as a violation of the sunshine law. GMS is very good about putting reminders on the emails and we have not had any

problems with this Board but sometimes a reminder is always in order and we will probably put that reminder in the next month or two on some of the other ethics obligations because it is something we usually do when new Board members come on every two years or so but it doesn't hurt to be reminded in between.

The only other thing we had going on is with the Ginn default and I have already given you that report.

Just so you know I will not bill for two attorneys here today, Chirag is getting up to speed and doing some work on this so I wanted him to be here at the meeting but didn't want the Board to think they would be getting billed for two attorneys at a meeting. If we are both doing work on issues that would be different but right now we are pretty much working on the same things at this time.

B. Engineer

i. Consideration of Requisitions

Mr. Boyd stated all I have are the requisitions that were in the packet. Requisitions 1592 through 1597 totaling \$6,208.69. These are the May and June requisitions.

On MOTION by Mr. Hood seconded by Mr. Pawlikowski with all in favor requisitions 1592 through 1597 were approved.

Mr. Boyd stated I'm still working on getting some prices from smaller contractors for the repairs out there in front of the community building, the pavement and curbing. If anybody has a small contractor they would like me to get a price from I would appreciate that. I have one from the St. Cloud area and larger guys don't seem too interested in coming out to do something like that. If anybody has experience with a small site contractor they think is good let me know.

Mr. Flint stated we will get you one or two names.

C. Manager

i. Approval of Check Register

Mr. Flint stated you have the check register totaling \$536,995.63 that includes the general fund and payroll register. Then you have the detailed register behind the summary. If there are

any questions on the register I will be happy to answer those if not I would ask for a motion to approve the check register.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the check register was approved.

ii. Balance Sheet and Income Statement

Mr. Flint stated we also provided you the balance sheet and income statements. There is no action required by the Board but if you have any questions on the financials I will be happy to answer those for you. I will note we are 100% collected on our on roll assessments for the general fund and the debt service. As a result of the tax certificate sale you can see we are now 100% collected on the on roll.

iii. Status of Direct Bill Assessment

Mr. Flint stated the status of the direct bills remains the same. It shows in Reunion East the Ginn Reunion Borrower parcels remain unpaid at this point.

iv. Discussion of Cash Flow and FY 2011 Budget

Mr. Flint stated the next item is discussion of the Fiscal Year 2011 budget and some scenarios dealing with potential adjustments to the assessments. When the Board approved the proposed budget back in May you approved the budget based on the current assessment levels and the current method for allocating costs between East and West. However, we discussed last month that we are going to be coming back to you with a more detailed discussion about that issue and today we have four different scenarios that we want to present to the Board and discuss with you and recommend the Board consider one of those scenarios.

The discussion really is in light of the fact that the Board has to do a mailed notice and run advertisements for any potential increase in assessments it is often in the Board's best interest to assume worse case scenario in doing that because at the final public hearing you have the flexibility of bringing those assessments back down if certain things happen that allow that to happen. However, if you go into that final public hearing and set your assessments too low you can't easily raise those at that point. Jason will walk through the information with you and

provide an explanation of what each scenario is, what the assumptions were and then what our recommendation would be.

Mr. Showe stated we emailed out the scenarios along with the summary. As a preface this is really the same discussion for Reunion East and West because those budgets are tied with the shared maintenance expenses. It is an issue we have to tackle on both sides.

Your packets have the summary upfront and a detailed budget with each scenario inside. For purposes of the presentation today we have given you an explanation of what these scenarios are and the rationale between each one.

Scenario 1 is basically a current year scenario. The first thing we did was go through and look at the budget in terms of what our projected expenses are and how that should look for 2011 so we did make a lot of reductions on the expense line that we felt were closer in line with how we will spend money throughout the year so there were some reductions made from the previous version that you have seen. We retained the 2010 current assessment rate so for both Reunion East and West you will see the same assessment rates. We are also assuming 100% collection of both on and off roll assessments. As you saw earlier we haven't collected any of the off roll assessments yet so this is kind of a budget we are not sure we would be able to sustain next year if we went this direction. But we wanted to show you what the budget would look like if we went with the current rates and assuming 100% collection.

Scenario 2 we kept the same reduction in expenses so we kept the same budget you saw in scenario 1. This time we looked at making sure that all of our on roll collections would cover all the expenses through the year. Again, we have gotten 100% of those and that is what we collected for the District so what you see in that case is in order to do that there are assessment increases that are reflected. The summary gives you a total and we have that summary later but just as a summary here if you look at a single family home that means an increase in East of about \$294 and in West there is \$910 increase. That is just so that the on roll covers all the expenses of the District. We do show revenue on the off roll and it is also reflected by a reserve expense we set aside so that those expenses wash each other out and the on roll would cover all of the expenses for each District.

Scenario 3 is a little different, we kept the same reduction in the budget expenses that you have seen in the other two scenarios and in this case we changed the allocation of the maintenance expenses. Originally the maintenance expenses in the current budget are based on

the planned equivalent residential units between East and West, which reflects that East pays 57% of the maintenance costs and West pays 43%. In this rationale we looked at that generally the platted lots benefit more from the current facilities and the current infrastructure of the District than the unplatted lots so we changed the allocation to reflect the unplatted lots and where they lie in the District and that changes the allocation to 70% of the expenses on East and 30% of the expenses on West. It does change how those maintenance expenses are allocated between the two districts. Again we assumed 100% collection of on roll assessments that will fund all of the operations of the District and that will result in assessment increases. The assessment increases between East and West are much similar than under scenario 2. East has \$471 increase and West has a \$481 increase so it brings them to similar values.

Scenario 4 is basically the same as scenario 3, the change we made is since unplatted lots may not benefit as much from the properties and facilities of the District those unplatted lots were basically set with a discount and were budgeted at 75% of the assessment rate from scenario 3. Again, it does not change the platted assessment roll so the single family really remains the same all the platted lots their assessment increases remain the same.

Here is a summary of East and it shows you under each scenario what the assessments would look like on an annual basis for operations and maintenance. You will see there are some jumps in there depending on which scenario you go with. We did the same thing with West and it depends on what type of product it is but there are some significant changes in the assessments there. We looked at just the single family home and what the difference are between the two scenarios in East and West and you will see in scenario 1 there is only a \$36 difference between the two, if you go with scenario 2 the single family homes in Reunion West would be paying \$650 more than the single family homes in Reunion East. With scenarios 3 and 4 the difference is only \$45 so it reflects a similar increase to what we have in terms of the current assessment rate.

I can answer any questions you may have on those scenarios and the rationale we put into those.

Mr. Flint stated there may be other scenarios out there but we have talked through this and tried to come up with several scenarios that would be likely options. There are several factors out there right now that are unknowns that may affect the final decision that the Board is going to make on these assessments. One is the issue with Ginn Reunion Borrowers' payment

on their unplatted property. Right now they are negotiating a forbearance agreement with the bondholders. It is likely that if any agreement was entered into it would require that Ginn Reunion Borrowers pay their O&M assessments and in the event they were to pay their O&M assessments it would drastically impact these numbers we are looking at. The other issue is the bondholders' commitment to fund any of the shortfall in Reunion West. We have talked with you about this before but we have had a number of discussions with Trustee's Counsel that we believe it is in the best interest of the bondholders to step up and pay the shortfall on the O&M in the interim rather than having some astronomical increase in per unit assessments that is going to affect the marketability of the property and everything else and ultimately it is going to adversely impact them. Another issue which is a smaller issue but we have had a lot of discussions about is the management services agreement. We talked about the ability to lower that amount to the extent the Board approves any reduction in that, that obviously also would affect these numbers. What we think the best course of action for the Board is unfortunately it is going to get some people excited but we think the Board probably has to prepare for the worse case scenario going into the public hearing and we are also going to suggest to the Board that you push the public hearing date two weeks later just to give a little more time to try to get answers on the forbearance agreement, the bondholders position on O&M and the management services agreement. We also have a resolution that we are going to ask the Board to consider changing the date of the public hearing from your meeting on the 12th of August to move that to August 26 which will give us a little more time. If there is a proposed increase in the assessment there will have to be a mailed notice to all the landowners within the District and there will also be notices that are placed in the newspaper advertising the proposed increase and notifying people of the date, place and time of the public hearing.

We have some members of the public here and if the Board is amenable I think it would be appropriate to take comment.

Mr. Oswald stated my first comment is I understand that this CDD Board is here for the protection of the people that are owners at Reunion including those of us who own houses, condos, etc. I have a real concern why you would change the allocation between the unplatted property and those of us who own properties and reduce what is being paid by Ginn and it doesn't seem like that is in the best interest of those of us who own here because potentially we are going to have to pay more because you have agreed to modify the allocation, reducing the

amount of money that is owed by somebody who we are paying a management contract right now who is not paying the CDD. I think that is totally and completely incorrect. I think that you need to proceed with diligence towards the foreclosure suit against Ginn Reunion Borrower and put down on the table and collect whatever you can from them, if it is the real estate maybe they can be out of here because they are not doing the job. They are not paying their costs. That is going to adversely affect those of us who own property. The Fourth Quarter suit I guess we will talk about that when we get to Reunion West but again where are we there? Why haven't we put the pressure on those people?

Ms. Carpenter stated I will talk about that at the Reunion West meeting.

Mr. Oswald stated I think that is something we need very often for us to understand because that lawsuit has been going for in excess of a year.

Ms. Carpenter stated it was filed in November 2009.

Mr. Flint stated from an allocation methodology standpoint we think that either approach is defensible and there are arguments that can be made in favor of the current method based on planned units or the method of doing it based on platted and unplatted because the argument could be made that platted properties are benefiting to a greater extent than the unplatted and therefore, they should bear a greater portion of the expense.

Mr. Oswald asked do you read the Orlando Business Journal?

Mr. Flint responded believe me I know the article very well.

Mr. Oswald asked to the extent that the developer benefited from the CDD, this is far as that article is concerned, \$15,000 to \$30,000 per unit because the CDD can be assessed, and now he is the one that is getting in debt because he has unplatted, undeveloped real estate, why should we cut him any slack? That is what we are having a hard time with.

Mr. Flint stated the argument for changing the allocation frankly from our perspective we are not trying to benefit the developer in doing that, that is not the motivation in doing that.

Ms. Carpenter stated this is a totally separate governmental entity and the Board has to be fiscally responsible and adopt a budget that will cover the costs of what it will take to keep the place running for another year and that is why over the last several months George's group has gone through and cut as many costs as possible. The Board really can't adopt a budget if the costs can't be paid. We are talking with the bondholders and the trustee and everybody we can to try to make sure that we can get money as quick as we can but again, I don't want to reveal

any litigation strategies or non strategies, however, in this market at this time sometimes foreclosing and owning the property may not be in the best interest of the District because owning the property if there isn't a market to sell it may not help everybody. That is the balance the bondholders are trying to figure out if there is a way because right now there is very little market for real estate in Central Florida, is there a way of a forbearance but at the same time keeping the Ginn entities if they want to keep ownership, pay their operations and maintenance keeping things running and keeping it going and that is why they have hired a specialist to try to keep it going.

Mr. Oswald asked what is the possibility of an owner of a first mortgage or for Ginn Reunion property as I understand it is around \$100 million what is the chance of their walking away? Wachovia might walk away on Fourth Quarter but it seems to me the squeeze can be put on these people and it is in our best interest that you do.

Mr. Hood stated I think this scenario the review of these right now is so that the Board has the information to make an educated decision in order to keep the business of the CDD right here operational knowing we have shortfalls coming. What is going to be the best way to address those and that is what this exercise between these scenarios is.

Ms. Carpenter stated hopefully by the August hearing there will be enough pressure on the bondholders on Ginn and everybody that we get a resolution and get the money in and they won't have to adopt this worse case budget. But if the Board doesn't adopt it send the letters that budget couldn't be adopted if everything fell through and we are in foreclosure and there is no money coming in for a year.

Mr. Hood stated we would have to make an amendment to it.

Ms. Carpenter stated exactly and then we would have to go back and assess off the tax roll because the tax roll has to be submitted by September 1st in Osceola County so the Board members really don't have an option but to be in a position and we are recommending pushing the hearing to August 26th the last possible day because between George and I we have called Trustee's Counsel just about daily on where are they in getting a contract signed and getting their expert in because we can't wait any longer for them to get these negotiations either finished up or not. They have spent the money on title work it doesn't look like a big deal but we haven't spent the time to draft the complaint yet so whether that means they think they are going to come to some agreement with Ginn we don't know. They are doing what they can but this Board has

to be prepared before September 1st to submit a tax roll because if they don't get it in and have to adopt this budget later there is really no way to collect. As you saw without tax certificates we wouldn't be collecting enough money to cover the costs.

Mr. Oswald asked are the bondholders the ones that are controlling this litigation or is the CDD controlling the litigation?

Ms. Carpenter stated the CDD is in control under the bond documents but the bondholder trustee has the ability to control litigation and they are paying for the litigation so the residents don't have to pay for that litigation.

Mr. Pawlikowski stated which I might add the CDD doesn't have the funds allocated within its budget to fund the lawsuit.

Mr. Glasser stated I think that if Ginn LLC or whichever entity it is, is left off the hook it would not only be morally reprehensible but I think it would create within the owners from whence and I understand that morals don't actually have a role I think it would create an environment in which owners who are the providers of some of the cash flow would make a serious decision to walk away. The consequence of that about which I do not see anything in of the other scenarios is that you may have substantially less resident owners or owners that would leave the place that would to elsewhere, they will walk away from their properties there will be foreclosures because I think people are now fed up. I think they have been dealt a bad deck of cards from Ginn not once, not twice, but maybe three times and people have had enough. In your next scenario no. 6 you should say to yourselves that there are not that many people that there were only half the quantity of people left standing owning the land and how are you going to raise the extra funds from them?

Mr. Pawlikowski stated contrary to that if you don't make any changes or at least advertise it at this particular point of what you might do and we keep it the status quo then what happens is there is no funding to go ahead and keep the operations and maintenance up and now you have a further decline in the overall property and you end up with the same scenario that you are now more fed up and in addition the next year the assessments have to go up even higher due to the fact that you are in arrears on the maintenance you are supposed to be doing. I understand what you are saying and if you look at what is happening in the United States everywhere in all local, state and federal government is that there is not enough money anywhere. What we are doing at this particular point is we are not saying this is what we are doing, what we are doing is

we are saying here is the scenario we are likely to adopt, here is how high it could possibly go and until such point in which we get all the facts in that is when that final budget will be adopted but we can't go on what we had made our assumptions on before.

Mr. Glasser stated I understand. I think there is an easy way out being taken here and that is to lessen the burden against Ginn. I think that is what I find reprehensible.

Mr. Flint stated we are not lessening the burden against Ginn. The unplatted property is still being assessed a higher amount than what is being charged right now but for budget purposes we can't anticipate that it is going to be paid.

Mr. Oswald stated I thought the allocation costs on the unplatted lots was reduced.

Mr. Flint stated the allocation between both districts was changed from a planned unit to a percentage platted versus unplatted and that is where the 70% 30% comes in but then all the properties whether they are developed or undeveloped are assessed assessments. It is just the allocation of costs is different.

Mr. Oswald asked on the undeveloped lots that scenario was put in place will their cost allocations be reduced?

Mr. Flint responded on scenario no. 3 their assessment would go up from \$664 to \$1,136 in the East and from \$700 to \$1,182 in the West so it would still whether you are platted or unplatted you are still going to be paying, these assessments what will happen is if everyone pays we are going to generate revenue in excess of what our budget is and then what we can do the next year we can bring the assessments back down and spend down that surplus.

Mr. Oswald stated everybody is paying except Ginn.

Mr. Owen stated I take umbrage to accuse us of not making a moral decision here and it is based on simple accounting.

Mr. Oswald stated your umbrage is your umbrage and my umbrage is my umbrage.

Mr. Owen stated as a property owner you are our only source of revenue Ginn is not paying. We are adopting a budget based upon the owners covering only the expenses. If Ginn pays then there will be a tremendous overage if they don't then at least we function we don't get to February of next year and all of a sudden say we are out of money there is no more service.

Mr. Glasser stated the issue is not the value on the assessment the issue is the value of the cash flow emerging out of the assessments. Do I have that correct?

Mr. Owen stated correct but the surplus would be carried over and there would be a substantial reduction in the next year.

Ms. Carpenter stated once they pay or once the foreclosure is done and that money comes in that will go to help the budget and it will be reduced down the road. They will still be billed we just don't anticipate money coming in next year from them in the worse case.

Mr. Hood stated if there is no plan made for the worse case scenario where we run out of money on March 1st if there is no plan made right now to plan for that and we go through and have all the worse case scenarios set up and we leave it as is come March 1st we have to say we are done we can't maintain this we can't operate that. You are in a worse position there too because now we haven't planned for it. That would be fiscally irresponsible of us.

Mr. Glasser stated I think that is very important scenario to present. If the cash availability is only X, which is the lowest possible assessment you can imagine coming in what is the equivalent maintenance O&M that can be done with that reduced income with that reduced cash flow? That is also something the people can say we are prepared to live with the grass only being cut once every six months if that is what it is rather than impose upon people because the more you hit the people the more the people will decide to take other independent action. What we want to do is to have a fair balance because if I don't pay and if Ken doesn't pay we are hammered immediately because we are only individuals. Because Ginn is a large corporation they should suffer the same consequences as we do. If the cash is not there why is everyone else responsible to find extra cash when they don't even find the basic minimum of what their assessment is?

Mr. Flint stated they are suffering the penalty and that is the foreclosure and loss of title to the property.

Mr. Glasser stated that is a known choice they can make.

Ms. Carpenter stated one last point I will make is one of the reasons for the trustee retaining a development specialist is to also be able to advise the trustee and I'm sure Ginn will hear this at what the proposals are, where these come in if they don't pay, so they would know if they took title and had to sell these if these rates go up very high it is going to be very hard to market new units. I think the trustee and the Ginn people are all looking as closely at this as you are because they are in the same boat owning quite a few pieces of property and they have to weigh if these go up this much because we don't pay we are never going to sell them or it is

really going to hurt our market. They haven't told me but I would believe they will be looking at these scenarios the same way you are in the next six weeks and with the same concerns as you because you have one lot which personally is very upsetting the cost but they have hundreds to deal with and try to figure out how to market them. That is one of the reasons for the delay on the trustee's part is trying to make sure they understand fully the market potential for selling, what happens to the whole area if these go up or don't go up.

Mr. Glasser stated I own one lot because that is where I saw my competence in investment value. If Ginn or any other organization saw their competence value in 100 lots at a billion dollars then it is their incompetence that has caused the scenario to crash. If I only look after one because of my competence I shouldn't be hit as hard as it appears because of somebody else's incompetence.

Mr. Flint stated the decision the Board is making today if they do make a decision is not a final decision, it is just allowing them to have some flexibility going into the public hearing to be able to make a decision at that point. Our hope would be that those unknowns out there start to materialize between now and the end of August and we will be able to tell a better story at the August 26th meeting.

Mr. Hood stated we have to be able to have a couple different answers to be prepared for when that information arrives. If we are not discussing it now there won't be enough time when that information shows up in August.

Mr. Oswald asked will these scenarios be available to we as owners to pass this entire information out to those people that are going to be adversely affected by what you have? Is this public record information?

Mr. Flint responded this is public record and we are doing a mailed notice that is going to reflect what the proposed change in the assessment will be. We will be happy to put the information on the website.

Mr. Glasser stated for the sake of clarity and the perfect record I would like to invite these gentleman to join me for breakfast at 7:00 a.m. Sunday to watch New Zealand play South Africa in the first game of this year's tournament.

Mr. Hood stated I want you to realize as a Board we are trying to keep services at a minimum level. If we came up to February and said we can't mow the lawns anymore, we can't

do any of these things, if you think you are angry now you would absolutely have more disappointment that we mismanaged the project.

Mr. Oswald stated we would be angry but the people that own the undeveloped real estate eventually have to sell that real estate and the Wall Street folks have blown these people away they should have the hurt put on also.

Mr. Owen stated their assessment goes up also.

Mr. Oswald stated to the extent that our assessments are greater than theirs?

Mr. Owen stated that is a choice and we are the only goose in the game at this time.

Mr. Oswald stated we are paying but the goose in the game is not paying us.

Mr. Owen stated I concur with that but we are between a rock and a hard place, if we fall into a place where we can generate any of our income or cut expenses so that you find at least a minimal services we would but if it goes into a decline if you think your values are hurt now and your ability to do the sale it would be tremendously compromised. It is tough on everyone.

Mr. Glasser stated we need to have it as openly as possible so that all the stakeholders whether they own one lot or 100,000 all understand the implications.

Mr. Owen stated we want you as our allies in this not to think that we are working in an adversarial relationship with you. If there was any way we could extract the money from Ginn we would.

Ms. Carpenter stated we are ready to go we have a team of litigators working on the Fourth Quarter ready to go with this, the title work is sitting on his desk ready to get a complaint filed, we are ready with the next steps, they know that, the Board has passed resolutions authorizing it all to happen. We are doing everything we can to push the trustee to make decisions quickly and to get the litigation threat and we will continue to do so which is part of why we recommend the meeting go out the extra two weeks so we have time to hopefully get some of these unknowns resolved positively. George, do you have a recommendation for the Board?

Mr. Flint stated it is up to the Board at this point. For purposes of mailed notices and advertisement if you are comfortable with one of these scenarios the motion would be to go ahead and authorize staff to utilize the assumptions under the particular scenario for purposes of mailed notice and advertising then we have a resolution that would be changing the date of the

public hearing to August 26, 2010 at 2:00 p.m. in this location and those would be two separate actions.

Mr. Pawlikowski stated discounting scenario 1 and looking at scenarios 2, through 4 at least my quick overview is that scenario 3 represents the highest increase.

Mr. Flint stated scenario 2 has the single family in Reunion West is actually higher than scenario 3. Scenario 2 keeps the same allocation the 57% 43% and then a single family in scenario 2 in Reunion West is \$1,600 and single family in Reunion East for scenario is \$958 and then scenario 3 under the platted versus unplatted they level out and Reunion East goes up a little bit and Reunion West comes down.

Mr. Hood stated since this is extremely onerous I think we have to keep a level playing field for all the property owners.

Mr. Pawlikowski stated what I'm trying to do is to advertise the highest amount so that we don't run into an advertising problem when it comes time to adoption and we have the actual numbers in what has been negotiated in terms of what happens in the forbearance agreements and so forth. There are so many unknowns that are out there and if we go into a foreclosure it is going to be just like Wachovia and foreclosure is not going to happen within a year so we are going to have tremendous budget problems. I want to give us at this point the most amount of flexibility.

Mr. Hood stated more breathing room it is easier to go down and better accepted.

Ms. Carpenter stated once you have the maximum you cannot go over. You can go down as much as you want from those advertised and noticed.

Mr. Pawlikowski stated that is why I'm trying to pick out the scenario that gives us the greatest amount of flexibility.

Mr. Hood asked scenario 3 doesn't change the undeveloped, correct?

Mr. Flint stated scenario 3 changes the method of allocation from platted to unplatted but the assessments are imposed on all properties. It results in a more equitable assessment between the two communities, which there is some common sense logic to that. That is the recommendation we were putting forward but again it is a policy decision on the Board's part as to whether you feel comfortable changing the method of allocation from planned to platted. To have a single family home in Reunion West paying \$700 more than a home in Reunion East for

utilization of the same facilities and those facilities are actually in Reunion East they just have reciprocal use it is a little bit hard to fathom.

Ms. Carpenter stated that would be hard to justify.

Mr. Oswald asked as far as these scenarios will this information be furnished to all of the owners since you are a governmental body, all the owners at Reunion so they can look at and try to understand what you guys are trying to do? Will this information be passed out?

Mr. Flint responded it is available. I don't think there was a plan to mail that out. There is a requirement that a mailed notice be put out and anyone who receives a mailed notice if they want additional information can contact us and we can distribute that but unless the Board directs us we didn't intend to mail that information to every landowner, we do have to mail a letter to everyone.

Mr. Oswald asked if a letter is going out why couldn't there be an attachment to that letter to show people what it is that is being imposed on everybody?

Mr. Flint stated that is up to the Board.

Ms. Carpenter stated the letter follows the statutory criteria of what has to go out in that and it provides a number to call George with any further questions and it is all public record for anybody who wants it he will provide it online.

Mr. Oswald stated anybody who wants to raise my taxes they send me a notice out telling me what the taxes are being increased to and you guys have an obligation to furnish people the same thing.

Mr. Glasser asked to what address are the letters sent?

Mr. Flint responded the mailing address that is on our tax bill.

Ms. Carpenter stated George, you are looking for a motion to adopt for mailed notice purposes one of these scenarios.

Mr. Flint stated right.

Mr. Pawlikowski asked and your recommendation is scenario 3?

Mr. Flint responded yes.

<p>On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor staff was authorized for mailed notice and advertisement purposes to use the assumptions under scenario 3 as presented above.</p>
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Mr. Flint stated Resolution 2010-08 is a resolution amending Resolution 2010-07 changing the date of the public hearing to August 26, 2010 at 2:00 p.m. in the same location.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor Resolution 2010-08 was approved.

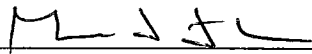
SEVENTH ORDER OF BUSINESS Other Business

There not being any, the next item followed.

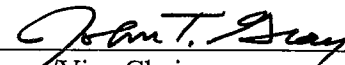
EIGHTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

There not being any,

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the meeting adjourned at 2:58 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman